



UNITED STATES ENVIRONMENTAL PROTECTION AGENCY
OFFICE OF INSPECTOR GENERAL
1595 WYNKOOP STREET
DENVER, CO 80202

CASE #: OI-DE-2019-AFD-0066

CROSS REFERENCE # 2019-0211

TITLE: WASHINGTON COUNTY SCHOOL DISTRICT, ST. GEORGE, UTAH

CASE AGENT (if different from prepared):

CASE INITIATION

Subject(s)	Location	Other Data
Washington County School District	St. George, Utah	

NARRATIVE: On April 8, 2019, this office initiated an investigation based on information received through the EPA OIG Hotline from (b) (6), (b) (7)(C), (b) (3) alleging that grant fraud took place regarding an EPA grant to replace old school buses with new ones.

The complainant alleged that an engine from one bus was substituted for a nonworking engine and then sold to a private shop.

This investigation is within the jurisdiction of the EPA Office of Inspector General as it relates to EPA grant DE 96857601. This grant was issued to the Utah Department of Environmental Quality with a total project period cost of \$8,165,750.00, which included engine replacements of four 2000 bus engines in the Washington County School District, between October 1, 2017 and September 30, 2019.

Potential violations include:

18 U.S.C. § 666 - Theft

CASE #: OI-DE-2019-AFD-0066

PREPARED BY: SA (b) (6), (b) (7)(C), (b) (7)(F)

RESTRICTED INFORMATION

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18 U.S.C. § 1001 - False Statements

18 U.S.C. § 1001 – Conspiracy to Commit Offense or Defraud the United States

16 CFR § 18.3 – Substitution of Products

Attachment(s):

1. Hotline Complaint, dated April 2, 2019.



2019-0211 Hotline
referral to OI.pdf

**CASE #: OI-DE-2019-AFD-
0066**

PREPARED BY: SA (b) (6), (b) (7)(C), (b) (7)(F)

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UNITED STATES ENVIRONMENTAL PROTECTION AGENCY
WASHINGTON, D.C. 20460

OFFICE OF
INSPECTOR GENERAL

April 2, 2019

MEMORANDUM

SUBJECT: Office of Inspector General Hotline Complaint No. 2019-0211

FROM: (b) (6), (b) (7)(C), Hotline Coordinator

TO: Craig Ulmer, Acting Assistant Inspector General
Office of Investigations

The hotline of the U.S. Environmental Protection Agency's (EPA's) Office of Inspector General (OIG) received an email from (b) (6), (b) (7)(C) alleges that grant fraud took place with regard to EPA grant monies that the school district received to "replace old school buses with new ones." (b) (6), (b) (7)(C) alleges that an engine from one bus was substituted for a nonworking engine, and the engine that came from the bus was sold to a private shop.

We have established EPA OIG Hotline Complaint No. 2019-0211 to document the complaint. I am referring this matter to your office for whatever action that you deem necessary. Please inform the EPA OIG Hotline at (b) (6), (b) (7)(C) within the next 5 calendar days that this referral was received.

Feel free to call me at (202) (b) (6), (b) (7)(C) if you have any questions.

Attachment



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OFFICE OF INSPECTOR GENERAL
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CASE #: OI-DE-2019-AFD-0066

CROSS REFERENCE #: 2019-0211

TITLE: WASHINGTON COUNTY SCHOOL DISTRICT, ST. GEORGE, UTAH

INTERVIEWEE (if applicable): Interviewee

PREPARED BY: SA (b) (6), (b) (7)(C), (b) (7)(F)

MEMORANDUM OF ACTIVITY
DMV REVIEW

NARRATIVE: On May 31, 2019, (b) (6), (b) (7)(C), (b) (7)(F), Special Agent, Environmental Protection Agency (EPA), Office of the Inspector General, Office of Investigations, Denver, Colorado, reviewed the DMV information for Utah license plate (b) (6), (b) (7)(C) picking up the engine in November 2017. The following information was identified:

The license plate number came back to a (b) (6), (b) (7)(C) truck, VIN number (b) (6), (b) (7)(C), that is currently registered to (b) (6), (b) (7)(C), at the address: (b) (6), (b) (7)(C). The vehicle was first registered in November (b) (6), (b) (7)(C) 2016 and the current registration expires November (b) (6), (b) (7)(C) 2019.

Nothing further.

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OI-DE-2019-AFD-0066

DATE OF ACTIVITY:
May 31, 2019

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INTERVIEWEE (if applicable):
Interviewee

DRAFTED DATE:
May 31, 2019

AGENT(S):
SA (b) (6), (b) (7)(C)

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CASE #: OI-DE-2019-AFD-0066

CROSS REFERENCE #: 2019-0211

TITLE: WASHINGTON COUNTY SCHOOL DISTRICT, ST. GEORGE, UTAH

INTERVIEWEE (if applicable): Interviewee

PREPARED BY: SA (b) (6), (b) (7)(C), (b) (7)(F)

MEMORANDUM OF ACTIVITY
(b) (7)(E), (b) (5) REVIEW

NARRATIVE: On May 31, 2019, (b) (6), (b) (7)(C), (b) (7)(F), Special Agent, Environmental Protection Agency (EPA), Office of the Inspector General, Office of Investigations, Denver, Colorado, reviewed the information (b) (6), (b) (7)(C), (b) (7)(E), (b) (5)

(b) (6), (b) (7)(C) That vehicle was registered to (b) (6), (b) (7)(C). (See MOA – DMV Review) The following information was identified:

(b) (6), (b) (7)(C)

No work affiliations were listed for (b) (6), (b) (7)(C).

(b) (6), (b) (7)(C) is the listed owner of a (b) (6), (b) (7)(C) truck, VIN number (b) (6), (b) (7)(C) and Utah license plate number (b) (6), (b) (7)(C) that is currently registered at the address: (b) (6), (b) (7)(C). (b) (6), (b) (7)(C) business association was listed as the registered agent for (b) (6), (b) (7)(C).

Nothing further.

CASE:
OI-DE-2019-AFD-0066

DATE OF ACTIVITY:
May 31, 2019

INTERVIEWEE (if applicable):
Interviewee

DRAFTED DATE:
May 31, 2019

AGENT(S):
SA (b) (6), (b) (7)(C)

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TITLE: WASHINGTON COUNTY SCHOOL DISTRICT, ST. GEORGE, UTAH

INTERVIEWEE (if applicable): Interviewee

PREPARED BY: SA (b) (6), (b) (7)(C), (b) (7)(F)

MEMORANDUM OF ACTIVITY
DOCUMENT REVIEW

NARRATIVE: On October 24, 2019, (b) (6), (b) (7)(C), (b) (7)(F), Special Agent, Environmental Protection Agency (EPA), Office of the Inspector General, Office of Investigations, Denver, Colorado, reviewed the information for Washington County School District's (WCSD) bus number 73 application for the National Clean Diesel Rebate Program and Retrofit Funding Opportunity rebate. The documents were provided by (b) (6), (b) (7)(C), Legacy Fleet Incentives and Assessment Center, EPA Headquarters, Washington, D.C. The following information was identified:

An email with the WCSD Transportation Director, (b) (6), (b) (7)(C), wherein (b) (6), (b) (7)(C) responded to the selection email, updating the corrected DUNS number on the application (b) (6), (b) (7)(C) filled out and submitted and stating all engines in the buses were 2006 models or older. (b) (6), (b) (7)(C) responded asking for clarification of the VIN number of the bus in question, whereas two of the numbers/letters did not match the registration. (b) (6), (b) (7)(C) confirmed the correction to (b) (6), (b) (7)(C). (Attachment 1)

- The VIN listed on the application was (b) (6), (b) (7)(C). (Attachment 2)
- The title and registration for the bus listed the VIN: (b) (6), (b) (7)(C) (Attachment 3)
- The Picture of the VIN read (b) (6), (b) (7)(C) (Attachment 4)

The title and registration described the bus as a 1998 model (Attachment 3) and the VIN appears to show a manufacture date of 1997 (Attachment 4); however, the application (Attachment 2) lists the engine as a 1994 model, older than the bus.

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DATE OF ACTIVITY:
October 24, 2019

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INTERVIEWEE (if applicable):
Interviewee

DRAFTED DATE:
October 24, 2019

AGENT(S):
SA (b) (6), (b) (7)(C)

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For the application, a side profile of the bus was provided. It identified the bus as WCSD bus number 73, as reported. (Attachment 5)

The engine tag provided for the aforementioned bus identified the submitted engine as engine number 45477672 within Engine Family VCE505D6DAAA, which matches the Engine Family listed on the application for VIN: (b) (6), (b) (7)(C) (Attachment 6)

Also provided to the EPA was the before and after destruction photos of the engine and chassis. (See MOA – Review of 2016 Rebate Program Documents) The before and after photos of the engine show a blue and white metal plate visible with a US patent number, assembly, and serial numbers that appear to match each other, but does not show the engine tag. (Attachment 7)

A scrappage letter was provided, signed by (b) (6), (b) (7)(C), stating the bus was disposed of on August 16, 2017, in accordance with the program requirements. In this letter, the bus engine was listed as a 1994 model. (Attachment 8)

Nothing further.

Attachments:

1. Email from WCSD Transportation Director, dated November 2016.



RE DERA 2016
SCHOOL BUS REBAT

2. WCSD Application, dated October 31, 2016 for a 1994 engine model.



Application.pdf

3. Title and Registration for the 1998 model bus, VIN (b) (6), (b) (7)(C)



Title and
Registration (b) (6), (b) (7)(C).pdf

4. Picture of Bus VIN



VIN (b) (6), (b) (7)(C).PG

5. Profile picture of bus number 73.

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INTERVIEWEE (if applicable):

Interviewee

DRAFTED DATE:

October 24, 2019

AGENT(S):

SA (b) (6), (b) (7)(C)

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 SideProfile (b) (5), (b) (7)(C) .JPG

6. Photo of Engine Number

 EngineTag (b) (5), (b) (7)(C) .JPG

7. Before and After Destruction Photos of the Engine and Chassis.

 EngineBlockPrior (b) (5), (b) (7)(C) .jpg  EngineBlockAfter (b) (5), (b) (7)(C) .JPG  Chassis (b) (5), (b) (7)(C) .JPG

8. Scrappage Letter, dated August 22, 2017.

 Scrappage letter.pdf

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October 24, 2019

INTERVIEWEE (if applicable):
Interviewee

DRAFTED DATE:
October 24, 2019

AGENT(S):
SA (b) (5), (b) (7)(C)

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CROSS REFERENCE #: 2019-0211

TITLE: WASHINGTON COUNTY SCHOOL DISTRICT, ST. GEORGE, UTAH

INTERVIEWEE (if applicable): Interviewee

PREPARED BY: SA (b) (6), (b) (7)(C), (b) (7)(F)

MEMORANDUM OF ACTIVITY
DOCUMENT REVIEW

NARRATIVE: On October 24, 2019, (b) (6), (b) (7)(C), (b) (7)(F), Special Agent, Environmental Protection Agency (EPA), Office of the Inspector General, Office of Investigations, Denver, Colorado, reviewed the National Clean Diesel Rebate Program and Retrofit Funding Opportunity information received from (b) (6), (b) (7)(C), EPA Legacy Fleet Incentives and Assessment Center, EPA Headquarters, Washington, D.C. The following information was identified:

The 2016 program was a rebate program option under the U.S. EPA's Diesel Emissions Reduction Program (DERA) to provide financial assistance to public and private fleet owners for the replacement or retrofit of older school buses. It allowed for three options:

1. The eligible school buses powered by 2006-year model engines or older were eligible for replacement.
2. It also allowed for fleet owners to retrofit buses powered by 1994-2006 model engines with Diesel Oxidation Catalysts (DOC) plus Closed Crankcase Ventilation (CCV) up to \$4,000.
3. The third rebate option was to install fuel operated heaters on the same buses where the DOC and CCV were installed for an additional \$2,000. (Attachment 1).

The program required that each bus being replaced must be scrapped or rendered permanently disabled prior to the selectee submitting the payment request to the EPA by drilling a three inch by three inch hole completely through the engine block and cutting the chassis rail in half. (Attachment 1 page 12).

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INTERVIEWEE (if applicable):
Interviewee

DRAFTED DATE:
October 24, 2019

AGENT(S):
SA (b) (6), (b) (7)(C), (b) (7)(F)

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Washington County School District (WCSD), St. George, Utah, applied for the replacement of 10 buses under this program. The application was signed by the Transportation Director, (b) (6), (b) (7)(C). (Attachment 2).

WCSD submitted the reimbursement forms for 10 busses at \$25,000 each, \$250,000 total, all under option one. The request was also signed by (b) (6), (b) (7)(C). (Attachment 3).

Payment for Rebate Number 14377 to the WCSD in the amount of \$250,000 was approved by the EPA on September 1, 2017. (Attachment 4)

Nothing further.

Attachments:

1. 2016 Program Guide



2016 Program
Guide - 420b16078.r

2. WCSD Application, dated October 31, 2016.



Application.pdf

3. WCSD Reimbursement Request, dated August 23, 2017.



Payment Request
Form.pdf

4. WCSD Reimbursement Document, dated September 1, 2017.



Payment
Documentation.pdf

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INTERVIEWEE (if applicable):
Interviewee

DRAFTED DATE:
October 24, 2019

AGENT(S):
SA (b) (6), (b) (7)(C)

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TITLE: WASHINGTON COUNTY SCHOOL DISTRICT, ST. GEORGE, UTAH

INTERVIEWEE (if applicable): Interviewee

PREPARED BY: SA (b) (6), (b) (7)(C), (b) (7)(F)

MEMORANDUM OF ACTIVITY
DOCUMENT REVIEW

NARRATIVE: On October 25, 2019, (b) (6), (b) (7)(C), (b) (7)(F), Special Agent, Environmental Protection Agency (EPA), Office of the Inspector General, Office of Investigations, Denver, Colorado, compared the bus information provided by Washington County School District (WCSD) for the National Clean Diesel Rebate Program and Retrofit Funding Opportunity rebate provided by (b) (6), (b) (7)(C), EPA Legacy Fleet Incentives and Assessment Center, EPA Headquarters, Washington, D.C., and the Diesel Emissions Reductions Act (DERA) grants, provided by (b) (6), (b) (7)(C), Grant Specialist, EPA, Region 8, Denver, Colorado. The following information was identified:

According to the Rebate application, the application listed the following busses: (Attachment 1)

Original Vehicle(s)

	Vehicle Identification Number (VIN)	Engine Model Year	Gross Vehicle Weight	Engine Manufacturer	EPA Engine Family Name*
1	(b) (6), (b) (7)(C)	1994	36,200	Cummins	rc505d6daaa
2	(b) (6), (b) (7)(C)	1999	36,200	Cummins	XCEXH0505CAD
3	(b) (6), (b) (7)(C)	1999	36,200	Cummins	XCEXH0505CAD
4	(b) (6), (b) (7)(C)	1999	36,200	Cummins	XCEXH0505CAD
5	(b) (6), (b) (7)(C)	1999	36,200	Cummins	XCEXH0505CAD

Agent Note: The red box was a VIN number correction made by the EPA. (See MOA – Review of WCSD Bus Rebate Application and Docs)

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October 25, 2019

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INTERVIEWEE (if applicable):
Interviewee

DRAFTED DATE:
October 25, 2019

AGENT(S):
SA (b) (6), (b) (7)(C)

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Additional Vehicles for Retrofit/Replacement

	Vehicle Identification Number (VIN)	Engine Model Year	Gross Vehicle Weight	Engine Manufacturer	Engine Family Name
6	(b) (6), (b) (7)(C)	1999	36,200	Cummins	XCEXH0505CAD
7	(b) (6), (b) (7)(C)	1999	36,200	Cummins	XCEXH0505CAD
8	(b) (6), (b) (7)(C)	2001	36,200	Cummins	1CEXH0505CAO
9	(b) (6), (b) (7)(C)	2001	36,200	Cummins	1CEXH0505CAO
10	(b) (6), (b) (7)(C)	2001	36,200	Cummins	1CEXH0505CAO

According to the DERA application, the fleet sheet lists the qualifying busses as: (Attachment 2)

1. VIN: (b) (6), (b) (7)(C) 2000 Cummings ISB 240 Engine Serial Number: 45957107
2. VIN: (b) (6), (b) (7)(C) 2000 Cummings ISB 240 Engine Serial Number: 45958836
3. VIN: (b) (6), (b) (7)(C) 2000 Cummings ISB 240 Engine Serial Number: 45957110
4. VIN: (b) (6), (b) (7)(C) 2000 Cummings ISB 240 Engine Serial Number: 45958970

Summary: None of the VIN numbers or engine information match between the the WCSD Rebate application and the DERA grant application.

According to (b) (6), (b) (7)(C), only one bus, VIN: (b) (6), (b) (7)(C) the first listed on the Rebate application, has bus number "73" identified by its profile picture included in the application. Comparison of the bus photos to identify "Bus number 73" could not be completed at this time because according to (b) (6), (b) (7)(C), the DERA programs does not receive pictures of the buses until a final report is issued. The grant ends March 31, 2020 with the final report due June 30, 2020.

Nothing further.

CASE:
OI-DE-2019-AFD-0066

DATE OF ACTIVITY:
October 25, 2019

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INTERVIEWEE (if applicable):
Interviewee

DRAFTED DATE:
October 25, 2019

AGENT(S):
SA (b) (6), (b) (7)(C)

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Attachments:

1. WCSD Rebate Application, dated October 31, 2016.



Application.pdf

2. WCSC Fleet Sheet for the DERA application, (updated) September 9, 2018.



Fleet Sheet.pdf

CASE:
OI-DE-2019-AFD-0066

DATE OF ACTIVITY:
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INTERVIEWEE (if applicable):
Interviewee

DRAFTED DATE:
October 25, 2019

AGENT(S):
SA [REDACTED]

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CROSS REFERENCE #: 2019-0211

TITLE: WASHINGTON COUNTY SCHOOL DISTRICT, ST. GEORGE, UTAH

INTERVIEWEE (if applicable): Interviewee

PREPARED BY: SA (b) (6), (b) (7)(C), (b) (7)(F)

MEMORANDUM OF ACTIVITY
CONSULTATION

NARRATIVE: On February 23, 2021, (b) (6), (b) (7)(C), (b) (7)(F), Special Agent, Environmental Protection Agency (EPA), Office of the Inspector General, Office of Investigations, Denver, Colorado, presented the case to (b) (6), (b) (7)(C), AUSA, Civil Division, District of Utah, 111 South Main Street, Suite 1800, Salt Lake City, Utah, (b) (6), (b) (7)(C).

AUSA (b) (6), (b) (7)(C) stated (b) (5)

Nothing further.

CASE:
OI-DE-2019-AFD-0066

DATE OF ACTIVITY:
February 23, 2021

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INTERVIEWEE (if applicable):
Interviewee

DRAFTED DATE:
February 23, 2021

AGENT(S):
SA (b) (6), (b) (7)(C)

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TITLE: WASHINGTON COUNTY SCHOOL DISTRICT, ST. GEORGE, UTAH

INTERVIEWEE (if applicable): Interviewee

PREPARED BY: SA (b) (6), (b) (7)(C), (b) (7)(F)

MEMORANDUM OF ACTIVITY
GRANT REVIEW

NARRATIVE: On April 12, 2019, (b) (6), (b) (7)(C), (b) (7)(F), Special Agent, Environmental Protection Agency (EPA), Office of the Inspector General, Office of Investigations, Denver, Colorado, reviewed the grant information received from (b) (6), (b) (7)(C), EPA Project Officer, Region 8, Denver, Colorado, on April 11, 2019. The following information was identified:

The EPA Cooperative Agreement number DE 96857601 was awarded to the Utah Department of Environmental Quality (UDEQ) for the FY17 Utah National Clean Diesel Program for the period of October 1, 2017 – September 30, 2019 for a total of \$8,165,750.00, wherein 28.17% of the cost would be awarded at \$2,300,000.00. The recipient agreed to comply with current EPA general terms and conditions as well as the assurances and certifications made as a part of the award and the terms, conditions, or restrictions cited throughout the award. Recipient also agreed to comply with the FY 17 Clean Diesel Funding Assistance (DERA) Programmatic Terms and Conditions.

The grant required evidence that replacement activity is an “early replacement” and would not have occurred through normal attrition/turn over within three years of the project period start date. It also required evidence of appropriate scrappage and specification of the model years and emission standard levels for PM and Nox, for both engines being replaced and the new engine. It further stated the vehicle, equipment, and/or engine being replaced must be scrapped or rendered permanently disabled within 90 days of being replaced.

CASE:
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DATE OF ACTIVITY:
April 12, 2019

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INTERVIEWEE (if applicable):
Interviewee

DRAFTED DATE:
April 12, 2019

AGENT(S):
SA (b) (6), (b) (7)(C), (b) (7)(F)

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The preferred scrapping method is designated as, “cutting a three-inch by three-inch hole in the engine block.” Other acceptable scrapping methods require prior written approval from the EPA Project Officer. Evidence of appropriate disposal is required in a final assistance agreement report submitted to the EPA and includes a signed certificate of destruction and digital photos of the engine tag (showing serial number, engine family number, and the engine model year), and the destroyed engine block. Scrapped engines and equipment and vehicle components may be salvaged from the unit being replaced. If scrapped or salvaged engines, vehicles, equipment, or parts are to be sold, program income requirements apply. The recipient also agreed it will promptly notify the EPA Project Officer of any problems. (Attachment 1)

The Final Request for Proposal stated the target fleet for the grant are four short-haul, one long-haul combination trucks, 31 school buses, and 40 short-haul-single-unit trucks, totally 76 on-highway vehicles. The proposal stated the following: “The vehicles representing this proposal were determined by eligibility of engine model years, vehicles’ remaining useful life, fleet owners’ retirement schedules, the condition that they will be taken out of service by destroying the engine and cutting the chassis, the participants being able to meet the mandatory match requirements, and location of use.” Listed under this is, “Four engine model year 2000 school buses owned by Washington School District (WDS) and used for daily routes to transport pre-school, kindergarten, elementary, intermediate, secondary, and high school students to and from school.”

Other projects that were evaluated, but not given priority included, “Three school bus replacements, engine model years 2001, for Washington School District. Not chosen due to their location outside the nonattainment areas.”

Fifteen school buses, engine model years 1999-2000 will be replaced with new propane school buses powered by the CARB Low-Nox Cummings engine. Four school buses, engine model years 2000, will be replaced with the new propane school buses powered by Roush Industries. “No engine replacements are included in this proposal, only vehicle replacements.”

“WSD’s attrition cycle has been closer to 20 years since their budget decreases as a result of the downturn of the economy. The buses included in this proposal are scheduled for retirement in three years.” “The five school districts...will be required though contractual obligation with the UDEQ to scrap the vehicles included in this proposal by drilling a hole in the engine block and manifold and cutting the chassis of the old school buses and vehicles. These activities will be required to take place within 90 days of the replacement. The scrapping activities will be performed by the participants. Before and after digital photos will document the scrapping of each vehicle. The digital photos will show the side profile of the bus or vehicle being scrapped, the VIN plate, engine tag, including the serial number, engine family number, and the engine model year, as well as the cut frame rails, engine block before and after destruction, and other

CASE:
OI-DE-2019-AFD-0066

DATE OF ACTIVITY:
April 12, 2019

RESTRICTED INFORMATION

Page 2 of 3

INTERVIEWEE (if applicable):
Interviewee

DRAFTED DATE:
April 12, 2019

AGENT(S):
SA [REDACTED]

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destroyed structural components. An EPA Certificate of Destruction will be required to further document appropriate destruction occurred.”

The timeline of activities states the following: “August-September 2018: ...Remove from service and disable four diesel school buses, engine model years 2000, from WSD’s fleet and place into service four new 2020 propane buses... October, 2018: Quarterly report submitted to EPA... January, 2019: Quarterly report submitted to EPA...April, 2019: Quarterly report submitted to EPA.” (Attachment 2)

The fleet sheet lists the following WSD bus information.

1. VIN: (b) (6), (b) (7)(C) 2000 Cummings ISB 240 Engine Serial Number: 45957107
2. VIN: (b) (6), (b) (7)(C) 2000 Cummings ISB 240 Engine Serial Number: 45958836
3. VIN: (b) (6), (b) (7)(C) 2000 Cummings ISB 240 Engine Serial Number: 45957110
4. VIN: (b) (6), (b) (7)(C) 2000 Cummings ISB 240 Engine Serial Number: 45958970

All four bus engines are to be replaced with 2018 LPG/Propane. (Attachment 3)

Nothing further.

Attachments:

1. Cooperative Agreement, dated September 28, 2017.



Grant.pdf

2. Final Request for Proposals, not dated.



Final Request for
Proposals.pdf

3. Fleet Sheet, dated April 2017, revised September 19, 2018.



Fleet Sheet.pdf

CASE:
OI-DE-2019-AFD-0066

DATE OF ACTIVITY:
April 12, 2019

RESTRICTED INFORMATION

Page 3 of 3

INTERVIEWEE (if applicable):
Interviewee

DRAFTED DATE:
April 12, 2019

AGENT(S):
SA (b) (6), (b) (7)(C)

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UNITED STATES ENVIRONMENTAL PROTECTION AGENCY
OFFICE OF INSPECTOR GENERAL
1595 WYNKOOP STREET
DENVER, CO 80202

CASE #: OI-DE-2019-AFD-0066

CROSS REFERENCE #: 2019-0211

TITLE: WASHINGTON COUNTY SCHOOL DISTRICT, ST. GEORGE, UTAH

INTERVIEWEE (if applicable): (b) (6), (b) (7)(C)

PREPARED BY: SA (b) (6), (b) (7)(C), (b) (7)(F)

MEMORANDUM OF ACTIVITY
INTERVIEW

NARRATIVE: On May 22, 2019, Special Agent (SA) (b) (6), (b) (7)(C), (b) (7)(F) of the Office of Investigations (OI), Office of Inspector General (OIG), United States Environmental Protection Agency (EPA), Denver, Colorado, interviewed (b) (6), (b) (7)(C), (b) (3) telephonically. (b) (6), (b) (7)(C), (b) (3) After proper identification was provided and the purpose of the interview explained, (b) (6), (b) (7)(C), (b) (3) provided the following information:

(b) (6), (b) (7)(C), (b) (3)
the engine swap happened approximately October 2017, (b) (6), (b) (7)(C), (b) (3)

(b) (6), (b) (7)(C), (b) (3)
that one of the buses listed and approved for the DERA grant was a 2000- or 2001-year model bus, number 73. (b) (6), (b) (7)(C), (b) (3)

CASE:
OI-DE-2019-AFD-0066

DATE OF ACTIVITY:
May 22, 2019

INTERVIEWEE (if applicable):
(b) (6), (b) (7)(C)

DRAFTED DATE:
May 29, 2019

AGENT(S):
SA (b) (6), (b) (7)(C)

RESTRICTED INFORMATION
Page 1 of 2

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(b) (6), (b) (7)(C), (b) (3)

(b) (6), (b) (7)(C), (b) (3)

(b) (6), (b) (7)(C), (b) (3)

transportation department keeps detailed maintenance records on all of its buses which should include all work orders for that bus, including the one to replace the original engine several years ago.

Nothing further.

Attachments:

1. Photos and video of engine, (b) (6), (b) (7)(C), (b) (3)
(Files are too large to embed and are contained on a disk)

CASE:
OI-DE-2019-AFD-0066

DATE OF ACTIVITY:
May 22, 2019

INTERVIEWEE (if applicable):
(b) (6), (b) (7)(C)

DRAFTED DATE:
May 29, 2019

AGENT(S):
SA (b) (6), (b) (7)(C)

RESTRICTED INFORMATION
Page 2 of 2

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UNITED STATES ENVIRONMENTAL PROTECTION AGENCY
OFFICE OF INSPECTOR GENERAL
1595 WYNKOOP STREET
DENVER, CO 80202

CASE #: OI-DE-2019-AFD-0066

CROSS REFERENCE #: 2019-0211

TITLE: WASHINGTON COUNTY SCHOOL DISTRICT, ST. GEORGE, UTAH

INTERVIEWEE (if applicable): (b) (6), (b) (7)(C)

PREPARED BY: SA (b) (6), (b) (7)(C), (b) (7)(F)

MEMORANDUM OF ACTIVITY
INTERVIEW

NARRATIVE: On April 16, 2019, Special Agent (SA) (b) (6), (b) (7)(C), (b) (7)(F) of the Office of Investigations (OI), Office of Inspector General (OIG), United States Environmental Protection Agency (EPA), Denver, Colorado, interviewed (b) (6), (b) (7)(C)

After proper identification was provided and the purpose of the interview explained, (b) (6), (b) (7)(C) provided the following information:

(b) (6), (b) (7)(C) the Diesel Emissions Reductions Act (DERA) grants for the state of Utah.
(b) (6), (b) (7)(C)

(b) (6), (b) (7)(C) stated Washington County School District can sell the original engine for scrap or salvage the parts after holes are drilled into the engine so that is no longer a working engine. The income generated is then considered program income and gets put back into the grant.

Certification of destruction is required, but not due until December 2019 for FY 18 grants. (b) (6), (b) (7)(C), (b) (5)

Nothing further.

CASE:
OI-DE-2019-AFD-0066

DATE OF ACTIVITY:
April 16, 2019

INTERVIEWEE (if applicable):
(b) (6), (b) (7)(C)

DRAFTED DATE:
April 16, 2019

AGENT(S):
SA (b) (6), (b) (7)(C)

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Page 1 of 1

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UNITED STATES ENVIRONMENTAL PROTECTION AGENCY
OFFICE OF INSPECTOR GENERAL
1595 WYNKOOP STREET
DENVER, CO 80202

CASE #: OI-DE-2019-AFD-0066

CROSS REFERENCE #: 2019-0211

TITLE: WASHINGTON COUNTY SCHOOL DISTRICT, ST. GEORGE, UTAH

INTERVIEWEE (if applicable): (b) (6), (b) (7)(C)

PREPARED BY: SA (b) (6), (b) (7)(C), (b) (7)(F)

MEMORANDUM OF ACTIVITY
INTERVIEW

NARRATIVE: On June 19, 2020, Special Agent (SA) (b) (6), (b) (7)(C), (b) (7)(F) of the Office of Investigations (OI), Office of Inspector General (OIG), United States Environmental Protection Agency (EPA), Denver, Colorado, (b) (6), (b) (7)(C), (b) (3) telephonically. (b) (6), (b) (7)(C), (b) (3) After proper identification was provided and the purpose of the interview explained, (b) (6), (b) (7)(C), (b) (3) provided the following information:

(b) (6), (b) (7)(C), (b) (3)

(b) (6), (b) (7)(C), (b) (3)

CASE:
OI-DE-2019-AFD-0066

DATE OF ACTIVITY:
June 19, 2020

INTERVIEWEE (if applicable):
(b) (6), (b) (7)(C)

DRAFTED DATE:
June 19, 2020

AGENT(S):
SA (b) (6), (b) (7)(C)

RESTRICTED INFORMATION
Page 1 of 2

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(b) (6), (b) (7)(C), (b) (3)

(b) (6), (b) (7)(C), (b) (3)

Nothing further.

Attachments:

None

CASE:
OI-DE-2019-AFD-0066

DATE OF ACTIVITY:
June 19, 2020

INTERVIEWEE (if applicable):

(b) (6), (b) (7)(C)

DRAFTED DATE:
June 19, 2020

AGENT(S):
SA (b) (6), (b) (7)(C)

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Page 2 of 2

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**UNITED STATES ENVIRONMENTAL PROTECTION AGENCY
OFFICE OF INSPECTOR GENERAL**
1595 WYNKOOP STREET
DENVER, CO 80202

CASE #: OI-DE-2019-AFD-0066

CROSS REFERENCE #: 2019-0211

TITLE: WASHINGTON COUNTY SCHOOL DISTRICT, ST. GEORGE, UTAH

INTERVIEWEE (if applicable): Interviewee

PREPARED BY: SA (b) (6), (b) (7)(C), (b) (7)(F)

**MEMORANDUM OF ACTIVITY
PRESENTATION**

NARRATIVE: On May 30, 2019, (b) (6), (b) (7)(C), (b) (7)(F), Special Agent, Environmental Protection Agency (EPA), Office of the Inspector General, Office of Investigations, Denver, Colorado, presented the case to (b) (6), (b) (7)(C), AUSA, District of Utah, 111 South Main Street, Suite 1800, Salt Lake City, Utah, (b) (6), (b) (7)(C)

AUSA (b) (6), (b) (7)(C) stated (b) (5)

Nothing further.

CASE:
OI-DE-2019-AFD-0066

DATE OF ACTIVITY:
May 30, 2019

INTERVIEWEE (if applicable):
Interviewee

DRAFTED DATE:
May 31, 2019

AGENT(S):
SA (b) (6), (b) (7)(C)

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Page 1 of 1

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UNITED STATES ENVIRONMENTAL PROTECTION AGENCY
OFFICE OF INSPECTOR GENERAL
1595 WYNKOOP STREET
DENVER, CO 80202

CASE #: OI-DE-2019-AFD-0066

CROSS REFERENCE #: 2019-0211

TITLE: WASHINGTON COUNTY SCHOOL DISTRICT, ST. GEORGE, UTAH

INTERVIEWEE (if applicable): Interviewee

PREPARED BY: SA (b) (6), (b) (7)(C), (b) (7)(F)

MEMORANDUM OF ACTIVITY
DECLINATION

NARRATIVE: On February 10, 2021, (b) (6), (b) (7)(C), (b) (7)(F), Special Agent (SA), Environmental Protection Agency (EPA), Office of the Inspector General, Office of Investigations, Denver, Colorado, provided a case update to Assistant United States Attorneys (AUSA) (b) (6), (b) (7)(C), District of Utah, 111 South Main Street, Suite 1800, Salt Lake City, Utah, (b) (6), (b) (7)(C).

After SA (b) (6), (b) (7)(C), (b) (7)(F) coordinated the investigative results to date, AUSA (b) (6), (b) (7)(C) stated (b) (6), (b) (7)(E)

As such, AUSA (b) (6), (b) (7)(C) declined the criminal case and forwarded it to AUSA (b) (6), (b) (7)(C), Civil AUSA, District of Utah, 111 South Main Street, Suite 1800, Salt Lake City, Utah, (b) (6), (b) (7)(C), for review.

Nothing further.

Attachments:

None

CASE:
OI-DE-2019-AFD-0066

DATE OF ACTIVITY:
February 10, 2021

INTERVIEWEE (if applicable):
NA

DRAFTED DATE:
February 12, 2021

AGENT(S):
(b) (6), (b) (7)(C), (b) (7)(F)

RESTRICTED INFORMATION
Page 1 of 1

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01-DE-2019-AED-0066
Wash Co School Dist.
SA (b) (6), (b) (7)(C), (b) (7)(F)
4/16/19
1030 hrs

(b) (6), (b) (7)(C)

(b) (6), (b) (7)(C)

(b) (6), (b) (7)(C)

(b) (6), (b) (7)(C)

- Can sell for scrap after holes, salvage parts after engine non-working.
↳ Program incense
↳ gets pumped into grant.

- Certificate of destruction not due until Dec 2019.

(b) (5)

- (b) (6), (b) (7)(C) - does competitive grants (UT)
- (b) (6), (b) (7)(C) - does state grants (UT)

- Was confused when talking to complaining (b) (6), (b) (7)(C)
(b) (6), (b) (7)(C) was in the weeds a bit.

(b) (6), (b) (7)(C)



UNITED STATES ENVIRONMENTAL PROTECTION AGENCY
OFFICE OF INSPECTOR GENERAL
OFFICE OF INVESTIGATIONS
SAN FRANCISCO FIELD OFFICE

SAN FRANCISCO OFFICE
75 Hawthorne St. (IGF-1)
San Francisco, CA 94105
415-947-4507

DENVER OFFICE
1545 Wynkoop St., 4th Fl.
Denver, CO 80202
303-312-6815

SEATTLE OFFICE
1100 Sixth Ave., OIG-195
Seattle, WA 98106
206-853-2541

April 17, 2019

(b) (6), (b) (7)(C), (b) (7)(F)

Special Agent in Charge
Federal Bureau of Investigation
5425 West Amelia Earhart Drive
Salt Lake City, UT 84116

Dear SAIC (b) (6), (b) (7)(C)

Pursuant to the Homeland Security Act of 2002, we are notifying your Agency of a new case which may be of mutual interest:

DATE OPENED:	April 12, 2019
SUBJECT NAME:	Washington County School District
ADDRESS:	121 W Tabernacle Street Saint George, UT 84770
CASE NUMBER:	OI-DE-2019-AFD-0066
EPA CASE AGENT:	(b) (6), (b) (7)(C), (b) (7)(F)
ISSUE/ALLEGATION:	Grant Fraud

The EPA Office of Inspector General, Office of Investigations initiated an investigation regarding the allegation that the Washington County School District, specifically the Transportation Department, committed grant fraud by fraudulently selling diesel engines that were to be destroyed in accordance with replacement requirements of the EPA grant.

If you have any questions or wish to discuss this case in further detail, please contact the case agent,

(b) (6), (b) (7)(C), (b) (7)(F) at (b) (6), (b) (7)(C), (b) (7)(F)

Sincerely,

(b) (6), (b) (7)(C), (b) (7)(F)

(b) (6), (b) (7)(C), (b) (7)(F)

Special Agent in Charge



U.S. Environmental Protection Agency
Office of Inspector General
Denver Office

MEMORANDUM OF ACTIVITY

CASE NO. OI-DE-2019-AFD-0066

CROSS REFERENCE NO. 2019-0211

CASE TITLE: WASHINGTON COUNTY SCHOOL DISTRICT, ST. GEORGE, UTAH

NARRATIVE:

RECORD REVIEW:

On September 23, 2021, Special Agent (b) (6), (b) (7)(C), (b) (7)(F), Denver Office, Office of Investigations, Office of Inspector General, U.S. Environmental Protection Agency, Denver, CO, 80202, reviewed records received from AUSA (b) (6), (b) (7)(C), District of Utah. SA (b) (6), (b) (7)(C), (b) (7)(F) received the records, via email, from AUSA (b) (6), (b) (7)(C) on September 23, 2021. The purpose of the review was (b) (5), (b) (7)(E). SA (b) (6), (b) (7)(C), (b) (7)(F) found following information during the review:

The following records were provided:

1. Civil Contact Letter, dated September 22, 2021

A review of the civil contact letter disclosed the letter was certified mailed, and addressed, to the US Attorney's Office, with the Washington County School District (WCSD) carbon copied and sent a copy via certified mail, to inform them of a potential civil claim by the United States against the WCSD. The purpose of this letter was to provide the District an opportunity to present any information it may want for the United States to consider with respect to the potential claims, including if they are incorrect. Further it requested the WCSD's attorney contact AUSA (b) (6), (b) (7)(C), District of Utah, within 30 days to discuss the investigation and to reach a non-litigated resolution.

No further information found during the review.

Attachments (uploaded separately in the electronic case management system)

1. Civil Contact Letter, dated September 22, 2021.

Report prepared by:

Report reviewed by:

X

(b) (6), (b) (7)(C), (b) (7)(F)
Special Agent

X

(b) (6), (b) (7)(C), (b) (7)(F)
Assistant Special Agent in Charge

CASE NO.
OI-DE-2019-AFD-0066

DATE OF ACTIVITY:
September 23, 2021

REPORT DATE:
September 23, 2021

Page 1 of 1

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**UNITED STATES ENVIRONMENTAL PROTECTION AGENCY
OFFICE OF INSPECTOR GENERAL**

1301 CONSTITUTION AVE, NW
WASHINGTON, DC 20004

Case Closing Check List for I2M Investigations

Case Number: OI-DE-2019-AFD-0066

Case Agent: (b) (6), (b) (7)(C), (b) (7)(F)

Supervisor conducting the review: (b) (6), (b) (7)(C), (b) (7)(F)

Date of Review: 4/21/2022

(b) (7)(E)

(b) (7)(E)





U.S. Department of Justice

*Andrea T. Martinez
Acting United States Attorney
District of Utah*

REPLY TO:

(b) (6), (b) (7)(C)

Assistant United States Attorney

Direct: (b) (6), (b) (7)(C)

(b) (6), (b) (7)(C) [@usdoj.gov](mailto:[REDACTED]@usdoj.gov)

*Office of the United States Attorney (801) 524-5682
111 Main Street, Suite 1800 (800) 949-9451
Salt Lake City, Utah 84111-2176 Fax (801) 524-3546*

September 22, 2021

VIA CERTIFIED U.S. MAIL

(b) (6), (b) (7)(C)

Office of the Utah Attorney General
350 North Street #230
Salt Lake City, UT 84114

Re: United States v. Washington County School District (unfiled)

To Whom It May Concern:

This is to inform you of potential civil claims by the United States against the Washington County School District ("the District") located in St. George, Utah. The purpose of this letter is to provide the District an opportunity to present any information it may want for the United States to consider with respect to the potential claims, including if they are incorrect. If you represented by counsel, please have the attorney contact me.

Based upon an investigation conducted by the U.S. Environmental Protection Agency, Office of the Inspector General, on October 31, 2016, the District applied for a rebate through the National Diesel Engine Rebate Program 2016 School Bus Replacement and Retrofit Funding Opportunity. The rebate amount was \$250,000 to replace 10 Class 3-8 school buses. On December 13, 2016, the District was notified it had been selected for the rebate program.

According to the Terms and Conditions of the rebate program, the rebate recipient was to maintain ownership of the bus for three (3) years after replacing or retrofitting school bus engine. Further, the District was to "scrap" the engines to prevent further use or sale of the engine. On August 22, 2017, the District certified in complied with the terms. However, an investigation revealed that one of the buses was either never properly destroyed or was repaired before being sold. As a result, the District may be liable under the federal False Claims Act 31 U.S.C. § 3729

September 22, 2021

– 3733. For violating the False Claims Act, an individual could be liable for treble damages and a civil penalty from \$11,665 to \$23,331 for every false claim, plus interest. (See 28 CFR § 85.5).

I am contacting you at this time to discuss our investigation and to reach a non-litigated resolution. Please contact me within thirty (30) days of the date of this letter to discuss this matter further.

Thank you for your consideration of these issues.

Sincerely,

ANDREA T. MARTINEZ
Acting United States Attorney

/s/ (b) (6), (b) (7)(C)

(b) (6), (b) (7)(C)
Assistant United States Attorney

cc: Superintendent (b) (6), (b) (7)(C) (via Certified U.S. Mail)
Business Administrator (b) (6), (b) (7)(C) (via Certified U.S. Mail)



United States Environmental Protection Agency
Office of the Inspector General
Washington, DC 20460

Evidence Custody

1. Case Title <i>Washington County School District, St George, UTAH</i>		2. Case Number <i>01-06-2019 AFD-0066</i>	3. Date <i>3/1/21</i>	4. Book-Page <i>1-2196</i>
5. Office Location (Complete Address) <i>1595 Wynton St Denver CO 80202</i>				
6. Description of Article <i>CD w/ clear plastic slip with case title, case number, and date removed from Digital Voice Recorder WS-852, version 1, SN: 100126985</i>				
7a. Received From:		7b. Taken From:		7c. Found At:
(b) (6), (b) (7)(C), (b) (7)(F)		(b) (6), (b) (7)(C)		
8a. (b) (6), (b) (7)(C), (b) (7)(F)		8b. (b) (6), (b) (7)(C), (b) (7)(F)		9. Witness (Signature)
10a. Date <i>3/1/21</i>	10b. Chain of Custody Received by (Signature) <i>(b) (6), (b) (7)(C), (b) (7)(F)</i> Print Name and Title <i>(b) (6), (b) (7)(C), (b) (7)(F) SA</i>		10c. Purpose of Custody Change <i>(b) (7)(E)</i>	
Received by (Signature)				
Print Name and Title				
Received by (Signature)				
Print Name and Title				
Received by (Signature)				
Print Name and Title				
Received by (Signature)				
Print Name and Title				
Received by (Signature)				
Print Name and Title				
11. Final Disposal Authority Item(s) described in #6 is (are) no longer required as evidence and may be disposed of in the following manner: <input type="checkbox"/> Release to owner or other <input type="checkbox"/> Destroy (See below) <input type="checkbox"/> Other (Specify) Name _____				
Name of Authorizing Official		Signature		Date
12. Destruction				
Signature		Signature of Witness		Date

EPA Form 2720-6 (Rev. 3-87) Previous editions are obsolete.

PART A



Evidence Custody

1. Case Title <i>Washington County School District, St George, Utah</i>		2. Case Number <i>01-DE-2019- AFD-0060</i>	3. Date <i>3/1/21</i>	4. Book-Page <i>1-2197</i>
5. Office Location (Complete Address) <i>1545 Wynkoop St Denver CO 80202</i>				
6. Description of Article <i>CD w/ clear plastic cover with case title, case number, and date. Removed from Digital voice recorder VS-852, version 1, SN: 100126985</i>				
7a. Received From: <i>(b) (6), (b) (7)(C), (b) (7)(F)</i>		7c. Found At: <i>(b) (6), (b) (7)(C), (b) (7)(F)</i>		
8a. <i>(b) (6), (b) (7)(C), (b) (7)(F)</i>		9. Witness (Signature) <i>(b) (6), (b) (7)(C), (b) (7)(F)</i>		
10a. Date <i>3/1/21</i>	10b. Recd <i>(b) (6), (b) (7)(C), (b) (7)(F)</i> <i>(b) (6), (b) (7)(C), (b) (7)(F)</i> SA <i>(b) (6), (b) (7)(C), (b) (7)(F)</i> Print Name <i>(b) (6), (b) (7)(C), (b) (7)(F)</i> SA Received by Print Name and Title Received by (Signature) Print Name and Title Received by (Signature) Print Name and Title Received by (Signature) Print Name and Title	10c. Purpose of Custody Change <i>(b) (7)(E)</i>		
11. Final Disposal Authority Item(s) described in #6 is (are) no longer required as evidence and may be disposed of in the following manner: <input type="checkbox"/> Release to owner or other <input checked="" type="checkbox"/> Destroy (See below) <input type="checkbox"/> Other (Specify) Name <i>SA (b) (6), (b) (7)(C), (b) (7)(F)</i> <i>Destroyed CD, increased via Microsoft Teams</i> Name of Authorizing Official <i>(b) (6), (b) (7)(C), (b) (7)(F)</i> Signature _____ Date <i>4/18/2022</i>				
12. Destruction <i>(b) (6), (b) (7)(C), (b) (7)(F)</i> Signature of Witness _____ Date _____				



Evidence Custody

1. Case Title Washington County School District, George, UTAH		2. Case Number 01-DE-2019 4 FD-0066	3. Date 3/1/21	4. Book-Page 1-2196
5. Office Location (Complete Address) 1595 Wykoop St Denver CO 80202 (b) (6), (b) (7)(C)				
6. Description of Article CD w/ clear plastic slip with case title, case number, and date Remained from Digital Voice Recorder WS-852, version 1, SN: 100126985				
7a. Received From:		7b. Taken From: (b) (6), (b) (7)(C), (b) (7)(F)		7c. Found At:
8a. (b) (6), (b) (7)(C), (b) (7)(F)		8b. Signature (b) (6), (b) (7)(C), (b) (7)(F) (b) (6), (b) (7)(C), (b) (7)(F)		9. Witness (Signature)
10a. Date 3/1/21	10b. Chain of Custody Received by (Signature) (b) (6), (b) (7)(C), (b) (7)(F) Print Name and Title (b) (6), (b) (7)(C), (b) (7)(F) SA Received by (Signature) (b) (6), (b) (7)(C), (b) (7)(F) Print Name and Title SA Received by (Signature) Print Name and Title Received by (Signature) Print Name and Title Received by (Signature) Print Name and Title Received by (Signature) Print Name and Title		10c. Purpose of Custody Change (b) (7)(E)	
11. Final Disposal Authority Item(s) described in #6 is (are) no longer required as evidence and may be disposed of in the following manner: <input type="checkbox"/> Release to owner or other (b) (6), (b) (7)(C), (b) (7)(F) <input checked="" type="checkbox"/> Destroy (See below) <input type="checkbox"/> Other (Specify) Name: Destroyed CD, witnessed via Microsoft Teams Name of Authorizing Official (b) (6), (b) (7)(C), (b) (7)(F) Signature Date 4/18/2022				
12. Destruction (b) (6), (b) (7)(C), (b) (7)(F)		Signature of Witness		Date



UNITED STATES ENVIRONMENTAL PROTECTION AGENCY
WASHINGTON, D.C. 20460

OFFICE OF INSPECTOR GENERAL
OFFICE OF INVESTIGATIONS

DATE: April 14, 2022

PREPARED BY: SA (b) (6), (b) (7)(C), (b) (7)(F)

CASE #: OI-DE-2019-AFD-0066

CROSS REFERENCE #: Hotline 2019-0211

TITLE: WASHINGTON COUNTY SCHOOL DISTRICT, ST. GEORGE, UTAH

CASE CLOSING REPORT

Subject(s)	Location	Other Data
Washington County School District	121 W Tabernacle Street Saint George, Utah 84770	Ph: (b) (6), (b) (7)(C)

VIOLATION(S): 18 U.S.C. § 3729 – False Claims Act

ALLEGATION: On April 8, 2019, Special Agent (b) (6), (b) (7)(C), (b) (7)(F), Denver Office, Office of Investigations, Office of Inspector General, U.S. Environmental Protection Agency, Denver, CO, received a referral from the EPA OIG Hotline alleging that (b) (6), (b) (7)(C) Washington County School District (WCSD) substituted a fully functioning engine for a nonworking engine, then sold to a private shop in violation of the Diesel Emissions Reductions Act (DERA).

FINDINGS: During the course of the investigation, EPA OIG agents conducted interviews and reviewed documents. The agents found that (b) (6), (b) (7)(C) WCSD did substitute a fully functioning engine for a nonworking engine, then sold the functioning engine to a private shop. This action was in violation of the terms of EPA grant DE 96857601, that the WCSD received to replace four school bus engines between October 1, 2017, and September 30, 2019. The WCSD entered into Civil Settlement Agreement to pay restitution in the amount of \$35,500.

On April 16, 2019, SA (b) (6), (b) (7)(C), (b) (7)(F) interviewed (b) (6), (b) (7)(C), (b) (6), (b) (7)(C), EPA, Region 8, 1595 Wynkoop St, Denver, Colorado. (b) (6), (b) (7)(C) oversaw the DERA grant for the State of Utah and was contacted by (b) (6), (b) (7)(C). (b) (6), (b) (7)(C) encouraged (b) (6), (b) (7)(C) to contact the OIG as (b) (6), (b) (7)(C) did not fully understand (b) (6), (b) (7)(C) complaint. (b) (6), (b) (7)(C) stated, under DERA, the WCSD can sell the original engine for scrap or salvage the parts after holes are drilled into the engine so that is no longer a working engine, but certification is required. The income generated is then considered program income and gets put back into the grant. (b) (6), (b) (7)(C), (b) (5)

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On May 22, 2019, SA (b) (6), (b) (7)(C)

Bus number 73 had its engine replaced after it “blew up” and it was no longer serviceable. The serial number for that engine was provided to EPA for the grant. The transportation department drilled the required holes in the non-working engine as required by the grant, then took the functioning engine out of the bus, replaced it with the new engine from the grant and sold it to a private shop. (b) (6), (b) (7)(C)

On October 24, 2019, SA (b) (6), (b) (7)(C), (b) reviewed the National Clean Diesel Rebate Program and Retrofit Funding Opportunity program. The 2016 program was a rebate program option under DERA to provide financial assistance to public and private fleet owners for the replacement or retrofit of older school buses. The program allowed for eligible school buses powered by 2006-year model engines or older to be eligible for replacement; for fleet owners to retrofit buses powered by 1994-2006 model engines with Diesel Oxidation Catalysts (DOC) plus Closed Crankcase Ventilation (CCV) up to \$4,000; to install fuel operated heaters on the same buses where the DOC and CCV were installed for an additional \$2,000. The program required that each bus being replaced must be scrapped or rendered permanently disabled prior to the selectee submitting the payment request to the EPA by drilling a three inch by three-inch hole completely through the engine block and cutting the chassis rail in half.

On October 24, 2019, SA (b) (6), (b) (7)(C), (b) reviewed the application submitted by the WCSO submitted for the National Clean Diesel Rebate Program and Retrofit Funding Opportunity rebate. The application stated all engines in the buses were 2006 models or older. The vehicle identification number in the application for bus number 73 had two numbers/letters that did not match the registration. The title and registration described the bus as a 1998 model and the VIN shown a manufacture date of 1997. However, the application listed the engine as a 1994 model, older than the bus.

On June 29, 2020, SA (b) (6), (b) (7)(C)

the engine was a “new,” meaning “unused,” engine at the time that had sat in storage (b) (6), (b) (7)(C) It had never been in a vehicle (b) (6), (b) (7)(C) but often used for parts (b) (6), (b) (7)(C)

WCSO, took the second engine out of the bus, they did not drill a hole in it as required. Instead, it was stored until it was sold and placed on the flatbed truck, still in good working order. The original non-working engine was taken out of the storage container and drilled for the EPA grant photographs.

On February 10, 2021, the Criminal Assistant United States Attorney (AUSA) for the District of Utah declined to prosecute this case (b) (5), (b) (7)(E).

On June 14, 2021, the Civil AUSA accepted the case for prosecution.

On April 5, 2022, the WCSO and the Civil AUSAs office entered into a Civil Settlement Agreement where the WCSO agreed to pay \$35,500 in restitution.

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DISPOSITION: The allegation was supported. No additional investigative work is warranted. This case is closed.

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SETTLEMENT AGREEMENT

This Settlement Agreement (Agreement) is entered into among the United States of America, acting through the United States Department of Justice and on behalf of the United States Environmental Protection Agency ("EPA") (collectively the "United States"), and Washington County School District (hereafter collectively referred to as "the Parties"), through their authorized representatives.

RECITALS

A. Washington County School District ("WCSD") is a school district providing public education in Washington County, Utah. WCSD applied for, and received, federal funds from the 2016 National Diesel Engine Rebate Program for school buses. The Rebate Program is part of the Diesel Emissions Reduction Act ("DERA").

B. The United States contends that it has certain civil claims against WCSD arising from an alleged false certification of compliance submitted to the United States, and the improper fulfillment of grant requirements, for grant funds received pursuant to the National Diesel Engine Rebate Program. That conduct is referred to below as the Covered Conduct.

C. This Settlement Agreement is neither an admission of liability by WCSD nor a concession by the United States that its claims are not well founded.

To avoid the delay, uncertainty, inconvenience, and expense of protracted litigation of the above claims, and in consideration of the mutual promises and obligations of this Settlement Agreement, the Parties agree and covenant as follows:

TERMS AND CONDITIONS

1. WCSO shall pay to the United States Thirty-Five Thousand, Five Hundred Dollars (\$35,500.00) (Settlement Amount) by electronic funds transfer pursuant to written instructions to be provided by the Office of the United States Attorney for the District of Utah no later than 30 days after the Effective Date of this Agreement.

2. Subject to the exceptions in Paragraph 3 (concerning reserved claims) below, and conditioned upon the United States' receipt of the Settlement Amount, the United States releases WCSO from any civil or administrative monetary claim the United States has for the Covered Conduct under the common law theories of breach of contract, payment by mistake, and unjust enrichment.

3. Notwithstanding the release given in Paragraph 2 of this Agreement, or any other term of this Agreement, the following claims and rights of the United States are specifically reserved and are not released:

- a. Any liability arising under Title 26, U.S. Code (Internal Revenue Code);
- b. Any criminal liability;
- c. Except as explicitly stated in this Agreement, any administrative liability or enforcement right, or any administrative remedy, including the suspension and debarment rights of any federal agency;
- d. Any liability to the United States (or its agencies) for any conduct other than the Covered Conduct;
- e. Any liability based upon obligations created by this Agreement;

- f. Any liability of individuals;
- g. Any civil claims by the United States under the False Claims Act, 31 U.S.C. §§ 3729-3733 and common law fraud for the Covered Conduct.

4. WCSO waives and shall not assert any defenses WCSO may have to any criminal prosecution or administrative action relating to the Covered Conduct that may be based in whole or in part on a contention that, under the Double Jeopardy Clause in the Fifth Amendment of the Constitution, or under the Excessive Fines Clause in the Eighth Amendment of the Constitution, this Agreement bars a remedy sought in such criminal prosecution or administrative action.

5. WCSO fully and finally releases the United States, its agencies, officers, agents, employees, and servants, from any claims (including attorneys' fees, costs, and expenses of every kind and however denominated) that WCSO has asserted, could have asserted, or may assert in the future against the United States, its agencies, officers, agents, employees, and servants, related to the Covered Conduct and the United States' investigation and prosecution thereof.

6. This Agreement is intended to be for the benefit of the Parties only.

7. Each Party shall bear its own legal and other costs incurred in connection with this matter, including the preparation and performance of this Agreement.

8. Each Party and signatory to this Agreement represents that it freely and voluntarily enters into this Agreement without any degree of duress or compulsion.

9. This Agreement is governed by the laws of the United States. The exclusive venue for any dispute relating to this Agreement is the United States District

Court for the District of Utah. For purposes of construing this Agreement, this Agreement shall be deemed to have been drafted by all Parties to this Agreement and shall not, therefore, be construed against any Party for that reason in any subsequent dispute.

10. This Agreement constitutes the complete agreement between the Parties. This Agreement may not be amended except by written consent of the Parties.

11. The undersigned counsel represent and warrant that they are fully authorized to execute this Agreement on behalf of the persons and entities indicated below.

12. This Agreement may be executed in counterparts, each of which constitutes an original and all of which constitute one and the same Agreement.

13. All Parties consent to the United States' disclosure of this Agreement, and information about this Agreement, to the public.

14. This Agreement is effective on the date of signature of the last signatory to the Agreement (Effective Date of this Agreement). Facsimiles of signatures shall constitute acceptable, binding signatures for purposes of this Agreement.

THE UNITED STATES OF AMERICA

ANDREA T. MARTINEZ
UNITED STATES ATTORNEY

DATED: 4/5/2022

BY:

(b) (6), (b) (7)(C)

Assistant United States Attorney
District of Utah

WASHINGTON COUNTY SCHOOL DISTRICT

DATED: 3/28/2022

BY:

(b) (6), (b) (7)(C)

Board Clerk
Washington County School District

DATED: April 4, 2022

BY:

(b) (6), (b) (7)(C)

Counsel for Washington County
School District